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TRANSCRIPT OF RECORD

3
SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1926

No. [REDACTED] 1 [REDACTED] 142

DE FOREST RADIO TELEPHONE & TELEGRAPH COMPANY,
APPELLANT,

vs.

THE UNITED STATES

APPEAL FROM THE COURT OF CLAIMS

FILED JUNE 14, 1926

(31,372)

(31,272)

SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1925

No. 549

DE FOREST RADIO TELEPHONE & TELEGRAPH COMPANY,
APPELLANT,

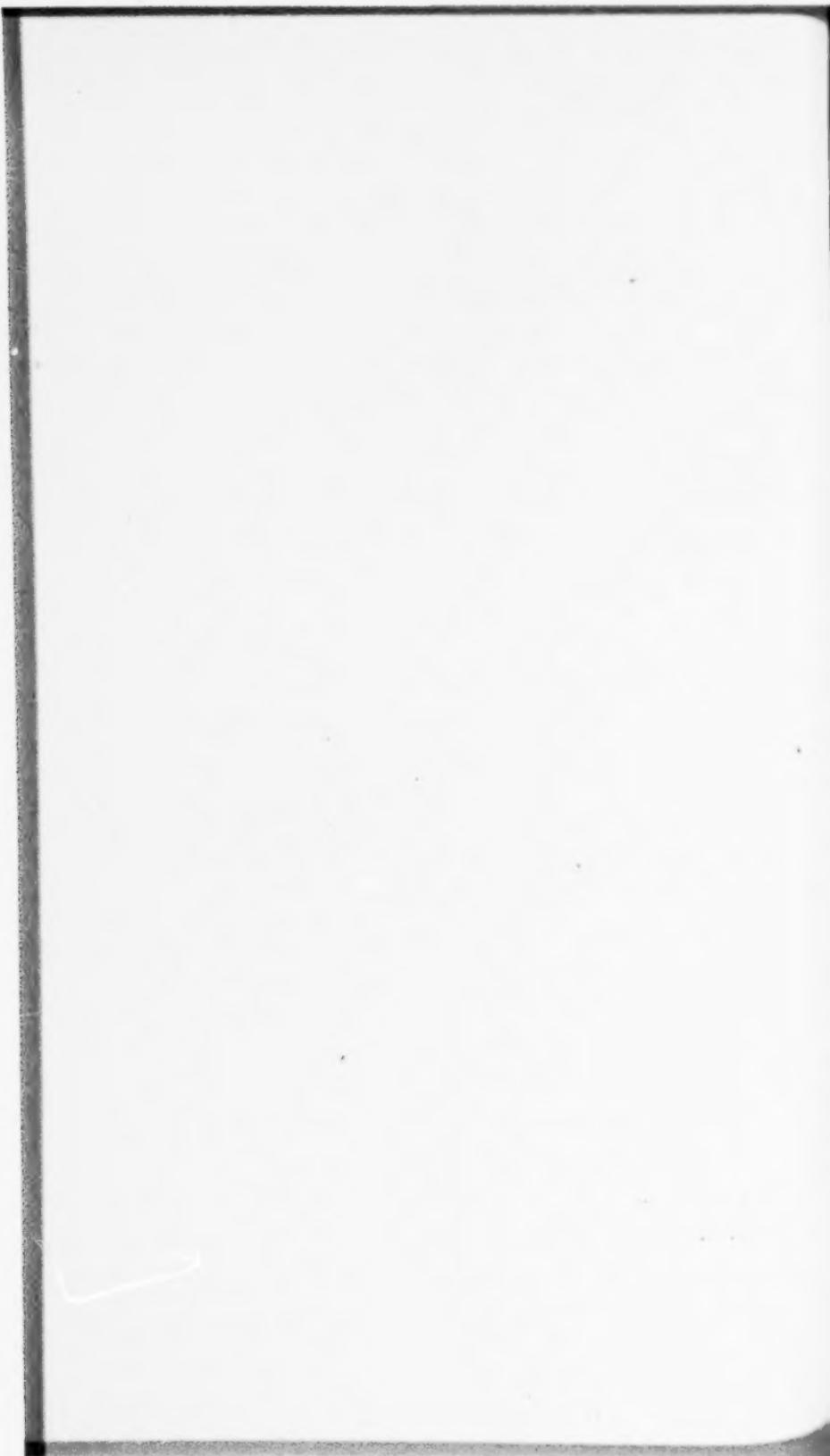
v/s.

THE UNITED STATES

APPEAL FROM THE COURT OF CLAIMS

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[fol. 1] **IN COURT OF CLAIMS OF THE UNITED STATES**

No. 34093

DE FOREST RADIO TELEPHONE AND TELEGRAPH COMPANY

vs.

THE UNITED STATES**I. HISTORY OF PROCEEDINGS**

On February 28, 1919, the plaintiff filed its original petition.

On April 30, 1919, a general traverse was filed under Rule 34.

Subsequently, to wit, on October 8, 1923, by leave of court, the plaintiff filed its Amended Petition.

Said amended petition is as follows:

II. AMENDED PETITION—Filed October 8, 1923

To the Honorable the Judges of the Court of Claims of the United States:

Now comes the De Forest Radio Telephone and Telegraph Company, the petitioner herein, and respectfully shows:

First. That the petitioner is a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and having offices and doing business in the City of New York, State of New York.

Second. That this petition is filed against the United States pursuant to the provisions of the Act of Congress approved June 25, 1919, entitled "An Act to Provide Additional Protection for Owners of Patents of the United States, and for other Purposes," as amended [fol. 2] by the Act of July 1, 1918 entitled "An Act Making Appropriations for the Naval Service for the Fiscal Year Ending June 30, 1919, and for other Purposes."

Third. That subsequent to the twenty-fifth day of June, 1910, and prior to, and at the time of the infringements by the United States hereinafter complained of, this petitioner was the owner, by duly recorded assignments of the entire rights, title and interest, with the exception of the rights granted to Western Electric Company specified hereinafter, in and to the following described Letters Patent of the United States, namely:

No. 841,387, granted January 15, 1907, to Lee De Forest, for Device for Amplifying Feeble Electrical Currents.

No. 879,532, granted February 18, 1908, to Lee De Forest, for Space Telegraphy.

Fourth. That by each of said Letters Patent of the United States, above identified, there was granted and secured to the Patentee therein named, his heirs and assigns, for the term of seventeen (17) years from the date thereof, respectively, the full, sole and exclusive right and liberty of making, using, and selling the invention set forth in and by said Letters Patent, throughout the United States and the Territories thereof, to the full end of the term thereof, which said Letters Patent, or duly certified copies thereof, and duly certified copies of the assignment of each of said Letters Patent to it, your petitioner now here produces and shows to the Court, and the same are prayed to be read as part hereof.

Fifth. That in the case of each patent hereinabove recited, the [fol. 3] patentee thereof was the original first and sole inventor of the invention therein set forth, shown, described and claimed, which said invention was not known or used by others in this country before the same was invented or discovered by said patentee, and was not patented nor described in any printed publication in this nor in any foreign country, before his invention or discovery thereof, nor more than two years prior to making the application for said patent and was not in public use nor on sale in this country for more than two years prior to making the said application, and which had not been first patented, or caused to be patented by him or his legal representatives or assigns in any foreign country upon an application filed more than twelve months prior to the filing of the application for the patent therefor in this country.

Sixth. That in the case of each of said patents, the patentee therein named was not, at the time he made the invention thereof, nor at the time he made application therefor, nor at the time said patent was granted or assigned to your petitioner, in the employment or service of the Government of the United States; nor was your petitioner in the employment or service of the Government of the United States, when the claim herein was made.

Seventh. That in the case of each of said patents, the application for the grant thereof was duly made, and such proceedings had thereon, that on the date of the grant thereof, the said patent was duly granted, signed by the proper authorities, issued and delivered, all in accordance with the terms and conditions of the Statutes of the United States in such cases made and provided, as by said patents, or duly authenticated copies thereof in court to be produced, will more fully and at large appear.

[fol. 4] Eighth. That the petitioner is the owner of the claim herein made, and did not acquire said claim, nor any part thereof, nor interest therein, by reason of any assignment or transfer of such claim, but said claim arose by reason of your petitioner's ownership of rights under said patents, and infringement thereof by the United States, during the period of your petitioner's ownership thereof.

Ninth. That no part of the claim herein made and set forth has been settled or paid, either by the Congress of the United States, or by any of the departments of the Government.

Tenth. That your petitioner is an American corporation, and is owned wholly and entirely by loyal American citizens and that in the conduct of its business it has, and its owners have at all times borne true faith and allegiance to the Government of the United States, and has not in any way aided, abetted or given comfort or encouragement to any of the enemies of the Government.

Eleventh. That on or about March 16, 1917, your petitioner made, executed and delivered to the Western Electric Company, a New York corporation, a written instrument bearing date that day, a copy of which is attached as Exhibit A and made a part thereof (except that the schedules A and B referred to therein and containing a long list of patents and applications have been omitted, for the sake of brevity, it being sufficient to allege that the two patents of the United States aforesaid are included in schedule A thereof); and that on or about May 24, 1917, said Western Electric Company assigned and conveyed to American Telephone & Telegraph Company, [fol. 5] a New York corporation, every right, title and interest which it obtained or was entitled to under said instrument and agreement of March 16, 1917.

Twelfth. That subsequently to July 1, 1918, the inventions covered by the patents of the United States aforesaid, that is to say, devices called "audions" or "vacuum tubes" embodying said inventions and for use in radio communication, were manufactured for the United States by the General Electric Company, a corporation of New York, and also by Moorhead Laboratories, Inc., a corporation of California, without license of the petitioner or lawful right to use or manufacture the same; that said manufacture was pursuant to orders for said audions given by the United States to said General Electric Company and said Moorhead Laboratories, Inc., respectively; and that said audions so manufactured were subsequently delivered by said General Electric Company and said Moorhead Laboratories, Inc., to the United States and used by the United States without license of the petitioner or lawful right to use or manufacture the same.

Thirteenth. That prior to the giving of said orders for the manufacture of said audions to said General Electric Company and said Moorhead Laboratories, Inc., respectively, the United States informed said American Telephone & Telegraph Company that, being then engaged in war, it desired to have large numbers of said audions manufactured promptly for it by said General Electric Company and others, whereupon said American Telephone & Telegraph Company advised the United States, by writing to the Chief Signal Officer of the Army on or about September 21, 1917, to the effect that it would not do anything to interfere with the immediate

manufacture of said audions for the United States by said General [fol. 6] Electric Company and other manufacturers provided it were understood and agreed that said American Telephone & Telegraph Company waived none of its claims under any patents or patent rights owned by it, on account of said manufacture, and that all claims under patent rights and all patent question be reserved and later investigated, adjusted and settled by the United States; and said plan was accepted by the United States and the orders aforesaid for said audions were thereafter given by the United States to said General Electric Company and said Moorhead Laboratories, Inc., respectively and said audions were manufactured by said General Electric Company and said Moorhead Laboratories, Inc., respectively, and delivered to the United States in pursuance of said plan.

Fourteenth. That, for the purpose of assisting the United States to obtain said audions promptly pursuant to the orders given by the United States therefor, said American Telephone & Telegraph Company furnished information, drawings and blueprints to said General Electric Company and permitted representatives and experts of the United States and of said General Electric Company to witness and study the manufacture of said audions by it, American Telephone & Telegraph Company, all to the end that said audions might be the more promptly manufactured and delivered to the United States for use in the war in which it was then engaged.

Fifteenth. That subsequently to the manufacture of the audions aforesaid and delivery thereof to the United States and subsequently to the filing of the original petition in this suit, negotiations were instituted by and between the United States on the one hand and said American Telephone & Telegraph Company on the other with [fol. 7] the result that said American Telephone and Telegraph Company made, executed and delivered to the United States an instrument in writing expressly waiving and relinquishing all claims, both against the United States and all manufacturers acting under orders of the United States, for compensation for the manufacture and use of all apparatus covered by the two patents aforesaid and said waiver was stated to include all claims which have arisen or which may hereafter arise, for royalties, damages, profits or compensation for infringement of any or all letters patent owned or controlled by the American Telephone & Telegraph Company, whether expressly recited herein or not, for said manufacture and/or use prior hereto and for use by the United States occurring hereafter.

Sixteenth. That your petitioner asserts and charges that the two patents in suit did not, as the result of the making and delivery of the instrument of March 16, 1917, aforesaid, become owned or controlled by the American Telephone & Telegraph Company, and that the waiver and settlement by the American Telephone & Telegraph Company subsequent to the filing of the original petition of the petitioner, did not and does not deprive the petitioner of its rights in and to said patents and for recovery for the infringement of said

patents, and the petitioner further asserts and charges the result to be, notwithstanding the facts alleged in paragraphs Eleventh to Fifteenth inclusive, that the aforesaid use of the inventions by the United States and in particular the aforesaid manufacture of said audions by said General Electric Company and said Moorhead Laboratory, Inc., respectively, and the use of said audions by the United States, was in infringement of the patents aforesaid and of the rights [fol. 8] of the petitioner in said patents which were reserved to, and never parted with by, the petitioner in and by the instrument of March 16, 1917, aforesaid."

Seventeenth. That such unlawful and unauthorized use of your petitioner's said patented inventions, and appropriation of your petitioner's property therein, and such violation and infringement of your petitioner's rights under its said Letters Patent, has resulted in great injury, damage and loss to your petitioner, to wit, as your petitioner is informed and believes, and therefore avers, in the aggregate sum of two million dollars (\$2,000,000) which sum is justly due to your petitioner, no part thereof having been paid and which sum, or such other fair, just and reasonable compensation as this Honorable Court may find to be due your petitioner, your petitioner avers it is justly entitled to recover after allowing all just credits and offsets.

Eighteenth. Your petitioner further avers and shows to the Court that it and its licensees has at all times been ready, able and willing to furnish and supply to the United States any or all of the apparatus, devices or equipment set forth in said Letters Patent, either or any of them, and containing or embodying in the construction or use thereof the inventions which they secure to your petitioner, at a price and cost to the United States therefor which is fair, just and reasonable and would afford your petitioner reasonable compensation.

Nineteenth. Your petitioner's said claim for compensation for the infringement herein complained of, and for the unauthorized use by the United States of said patented inventions in violation therein and thereto, is not based in any part on the use by the United States of any article, apparatus, device or equipment owned, leased or used [fol. 9] by or in the possession of the United States prior to June 25, 1910.

Twentieth. Your petitioner further avers and shows to the Court that upon learning of the infringement by the United States of the said Letters Patent and of the violation of your petitioner's rights and property therein and thereto, your petitioner notified and warned the United States to desist therefrom, well believing that it would cease such infringement and violation, or else make reasonable compensation to your petitioner therefor; but that, notwithstanding such notice and warning, the United States neglected and refused so to do, and continued and still continues to make, install and use, or to cause to be made, installed and used, apparatus, devices and equip-

ment containing or embodying in the construction, installation and use thereof, the inventions of said Letters Patent, in infringement and violation of your petitioner's rights and property in the premises.

Wherefore, your petitioner prays judgment in its favor against the United States for the sum of two million dollars (\$2,000,000), and for such other and further relief as to the Court may seem just, proper and reasonable in the premises.

De Forest Radio Telephone & Telegraph Co., by E. H. Jewett,
Prest.

[fol. 10] Sworn to by E. H. Jewett. Jurat omitted in printing.

[fol. 11]

EXHIBIT A TO PETITION

Whereas, the De Forest Radio Telephone and Telegraph Company, a Delaware corporation, herein called the "De Forest Company" (being the same corporation formerly named "Radio Telephone and Telegraph Company"), represents that it owns and controls the entire right, title and interest (subject only to such rights as were granted to Sidney S. Meyers, his heirs and assigns, by certain agreements dated July 26, 1913, and August 7, 1914, respectively, which rights are now held by the American Telephone and Telegraph Company) in, to and under certain United States patents and applications for United States patents and inventions recited or intended to be recited in the list hereto attached and marked "Schedule A"; and

Whereas, the De Forest Company further represents that it owns certain rights or interests in, to or under certain other United States patents and applications for United States patents recited or intended to be recited in the list hereto attached and marked "Schedule B"; and

Whereas, the Western Electric Company, Incorporated, a New York corporation, herein called the "Western Company," is desirous of acquiring rights in all the inventions and rights to patents owned or controlled by the De Forest Company, and in all the patents and applications included in or intended to be included in the said Schedules A and B, and also in certain inventions (and the United States patents that may be granted therefor) which may be made or conceived by Lee De Forest, during the period of seven years from and after the date hereof;

[fol. 12]

I

Now, in consideration of One Dollar (\$1.00) and other good and valuable considerations paid to the said De Forest Company by the said Western Company, receipt whereof is hereby acknowledged, the said De Forest Company hereby, on behalf of itself and its successors, legal representatives and assigns, grants and agrees to grant to the Western Company, a license (free of royalties or other payments

other than those herein specified) to make, use, install, operate and lease, and to sell or otherwise dispose of to others for sale, installation and operation, apparatus and systems embodying or made or operating in accordance with the following inventions: (1) All inventions owned or controlled by the said De Forest Company or to which it now is or may hereafter be legally or equitably entitled by reason of any existing agreements, under which it has or may have the right to transfer or grant licenses as herein expressed, among which inventions are specifically included (without excluding others) those enumerated in Schedules A and B; and (2) any and all inventions relating to apparatus, methods or systems adapted for use in wire or radio signalling or communication, or relating to the audion or other vacuum, rarified gas or vapor electric discharge device, or relating in anywise to electrical translating devices (such for example, as oscillation generators, relays, repeaters, amplifiers, detectors, rectifiers, power limiting devices, X-ray apparatus, etc.), which may be made or conceived by Lee De Forest during the period of seven years from and after the date hereof.

II

The said license is granted and to be granted under United States patents only, and for the full terms of the said patents granted or to be granted, and the license is granted for all transferable rights of said De Forest Company of any kind or nature whatsoever in said in-[fol. 13] ventions, patents and applications, except the rights herein-after expressly reserved to itself by the De Forest Company. The said license granted and to be granted to the Western Company is exclusive except for the aforesaid rights now held by the American Telephone and Telegraph Company and except for the rights expressly reserved herein by the De Forest Company.

III

The De Forest Company reserves to itself the following rights:

- (1) Non-Exclusive, assignable rights to make, use and sell for the synthetic production of music under such of the patents and applications of Schedules A and B as were filed prior to August 14, 1914;
- (2) Exclusive, assignable rights to make, use and sell for the synthetic production of music its inventions covered by its patents issued or to be issued for inventions disclosed in its applications filed subsequent to, and not prior to, August 14, 1914;
- (3) Exclusive, non-transferable, personal right, with respect to the generation of oscillating or pulsating currents for sending purposes in radio-communication, to grant non-exclusive, non-transferable licenses to and to make apparatus for and sell apparatus to the Marconi Wireless Telegraph Company of America and any and all companies that may be owned or controlled by it under patents

Nos. 1,201,270, 1,201,271 and 1,218,195 and applications Ser. Nos. 17,225, 27,771, 31,856, 41,332, 48,948, 48,949, 52,176, 75,928, 99,283, 104,074, 104,075, 150,221, and 150,027; such licenses or sales to the said Marconi Wireless Telegraph Company of America or to any of said companies that may be owned or controlled by it [fol. 14] shall not, however, carry by implication or otherwise the right to use any of the other inventions covered by the patents and applications in said Schedules A and B; such exclusive rights to become non-exclusive if and when the said Marconi Wireless Telegraph Company of American grants a license to the De Forest Company under the Fleming patent No. 803,684, and the said right and any license granted thereunder to terminate with the expiration of said Fleming patent;

(4) Non-exclusive, non-transferable, personal rights with respect to radio-communication, under all the patents, applications and inventions included in this agreement, for the following purposes only:

- (a) To make for and sell to the United States Government for its use;
- (b) To make for and sell to amateurs for use solely by said amateurs;
- (c) To make for and sell to private users who do not, for pay, transmit or receive messages or establish communications, for use only in establishing communication between different offices or departments of the same business;
- (d) To make and sell for use on ships which do not, for pay, transmit or receive messages or establish communications;
- (e) To make and use for radio distribution of news and music;
- (f) To make and sell for use receiving apparatus for the reception of said news and music but not for use in receiving messages for pay;
- (g) To make, use and sell to others for use in the reproduction of words or music from the telephone and graphophone records

[fol. 15]

IV

It is understood and agreed that, except with respect to apparatus furnished to the United States Government and to the said Marconi Wireless Telegraph Company of America, no apparatus shall be sold or leased by the De Forest Company under its reserved rights, except upon written agreement by the purchaser or lessee, as the case may be, that neither said apparatus as a whole nor any part thereof shall be used in the commercial transmission or reception of messages for pay, or used by others than the original purchaser or lessee, or used for any purposes other than radio-communication.

V

The term "radio" as used herein is intended to be limited to such transmission of signals, communications or electrical effects as is accomplished without the use of wire or other physical connection, except the natural media in space, between the sending and receiving stations.

VI

It is understood and agreed that all apparatus made, sold, leased, delivered, installed or used by the De Forest Company shall be permanently and conspicuously marked as patented, together with the date (day and year) of the patent or patents covering the same, and shall also be permanently and conspicuously marked with words, satisfactory to the Western Company, indicating the sole use to which it is to be put.

VII

It is understood and agreed that the Western Company, its successors, legal representatives and assigns, and the De Forest Company, may, respectively, institute and conduct suits against others for infringement of any of said patents within the fields in which it possesses rights, but all of such suits shall be conducted at the expense of the party bringing them, which party shall be entitled to retain any judgment recovered in any such suits.

VIII

The De Forest Company covenants with and warrants to the Western Company, its successors and assigns, that said Schedule A is a complete list of all United States patents and applications for United States patents and inventions which it owns or controls, but if any such patents, applications or inventions are omitted from said Schedule A, they shall be added thereto as soon as the omission is discovered, and shall be deemed to be included therein. And the De Forest Company covenants with and warrants to the Western Company, its successors and assigns, that it owns and controls the entire right, title and interest in, to and under each and all of the patents, applications for patents and inventions listed or intended to be listed in said Schedule A, free and clear of any adverse assignment, grant, mortgage, license and every other encumbrance, except such rights as were granted as aforesaid to the said Sidney S. Meyers and are now held by said American Telephone and Telegraph Company and except a license heretofore granted to the Atlantic Communication Company (a New York corporation).

IX

The De Forest Company further covenants and warrants that said Schedule B is a complete list of all United States patents, applica-

tions for United States patents and inventions (other than those re-[fol 17] cited in said Schedule A) in which it has any title or interest or in respect to which it has any transferable rights; but if any such patents, applications or inventions (except such as should be added to Schedule A) are omitted from said Schedule B they shall be added to the latter as soon as the omission is discovered, and shall be deemed to be included therein.

X

The De Forest Company further covenants and agrees that it will, whenever requested, and without further consideration, execute and deliver and cause to be executed and delivered all such further licenses and papers as the legal counsel of the Western Company may advise are necessary or convenient to perfect the license to the Western Electric Company, its successors and assigns herein conveyed or intended or agreed to be conveyed.

XI

The De Forest Company hereby gives to the Western Company the non-revocable right to examine and take copies of all of its applications now pendings in the United States Patent Office, including those applications enumerated in said Schedules A and B, and all its pending applications filed or which may be filed in the United States Patent Office in the name of Lee De Forest for inventions conceived at any time prior to seven years from the date hereof; and the Commissioner of Patents is hereby authorized to permit the said Western Company to have access to said applications in accordance herewith. And the De Forest Company furthermore agrees to promptly furnish to the Western Company the serial number and date of filing of all such applications, and copies of all the Patent Office records thereof, including specifications, drawings, amendments and office actions.

[fol. 18]

XII

It is understood and agreed that the Western Company, its successors and assigns may transfer to others, in whole or in part, the rights granted by this instrument, and may assign rights hereunder, or grant licenses to various persons, firms or corporations for the several uses to which the inventions are applicable.

XIII

It is understood and agreed that the acceptance of this license by the Western Company shall not be construed as granting or implying the grant or surrender by it of any rights or licenses whatever under its patents granted or to be granted.

In witness whereof the parties hereto have caused this instrument to be executed on the 16th day of March, 1917, by their proper officers thereunto duly authorized.

De Forest Radio Telephone and Telegraph Company, by
 (Signed) Lee De Forest, President. Attest: (Signed)
 Chas Gilbert, Treas. Western Electric Company, Incorporated, by (Signed) H. B. Thayer, President. Attest:
 (Signed) Geo. C. Pratt, Secretary.

[fol. 19] I, Lee De Forest, as an individual and as a director and stockholder in the De Forest Radio Telephone and Telegraph Company which has executed the foregoing instrument, hereby approve, ratify and confirm the licenses granted in the foregoing instrument, and also all provisions of that instrument; and to the extent of my present or future interest in, or control over, the said patents, applications and inventions, I, for myself, my heirs, executors, legal representatives and assigns, hereby join and agree to join in the licenses above granted and agreed to be granted and further agree promptly to disclose to said Western Company all inventions which may be made or conceived by me within the period of seven years from the date hereof and to execute and deliver such licenses and other papers which may be reasonably necessary to vest in the Western Company the rights which are herein granted or agreed to be granted.

(Signed) Lee De Forest.

STATE OF NEW YORK,
 County of New York, ss:

On this 16th day of March, 1917, personally appeared before me Lee De Forest, personally known to me and known to me to be one of the persons who executed the foregoing instrument, and he acknowledged to me that he executed the same and that the same constitutes his free act and deed for the uses and purposes therein set forth.

(Signed) Jacob Satin, Notary Public, New York County, No. 24. Register No. 8059. Commission expires March 30, 1918.

[fol. 20] III. DEMURRER TO AMENDED PETITION—Filed May 28, 1924, by leave of court

Now comes the United States, and demurs to the amended petition upon the following grounds:

- (1) That the amended petition does not state a cause of action against the United States;
- (2) That the amended petition does not state a cause of action in favor of the petitioner;
- (3) That the amended petition does not state a cause of action for patent infringement nor any cause of action based upon a con-

tract, express or implied, whereof the United States agreed to compensate petitioner for the use of the alleged inventions;

(4) That the amended petition shows on its face that the alleged claim against the United States is an unliquidated claim, and that any right in petitioner to recover said alleged claim from the United States arose by assignment.

Respectfully, Robert H. Lovett, Assistant Attorney General.

Harry E. Knight, Special Assistant in Charge of Patent Litigation. Melville D. Church, Special Assistant to the Attorney General.

IV. ARGUMENT AND SUBMISSION OF DEMURRER

On October 20, 1924, the demurrer to the amended petition in this case was argued and submitted by Mr. Lucius E. Varney, for the defendant, and by Mr. Samuel E. Darby, Jr., for the plaintiff.

[fol. 21]

V. OPINION—October 28, 1924

On Demurrer

Downey, Judge, delivered the opinion of the court.

The questions for consideration are presented by demurrer to the amended petition. The grounds of demurrer are stated in four paragraphs, but they amount practically to a general demurrer on the ground that the petition does not state a cause of action against the United States. There are concessions of such a nature that the questions presented are narrowly confined.

The petition seems to very fully present the case, there is no intimation that the facts are not substantially as stated, and, aside from a determination of the amount of recovery in the event the demurrer should be overruled, the conclusion thereon is determinative of the action.

It is not regarded as necessary to quote at length the averments of the petition. They show, briefly stated, that the plaintiff owned, by assignment, certain patents; one "for amplifying feeble electrical currents" and one "for space telegraphy," and that on March 16, 1917, it executed and delivered to the Western Electric Company an instrument, a copy of which is attached to the petition, granting to said Electric Company, in broad terms, an exclusive license to "make, use, install, operate and lease, and to sell or otherwise dispose of to others," apparatus and systems embodying the inventions here in question, and granting to said Electric Company all transferable rights of any kind or nature, except the rights expressly reserved, which, so far as here material, was the nonexclusive, nontransferable personal right to make for and sell to the

United States the patented inventions in question, which, so far as this case is concerned, were devices called "audions" or "vacuum tubes" for use in radio communication. All the rights which the Western Electric Company acquired by virtue of said instrument were by it conveyed to the American Telephone & Telegraph Company.

When the war came on the United States was urgently in need of large quantities of these audions and informed the American Telephone & Telegraph Company of its desire to have a large number [fol. 22] thereof manufactured by the General Electric Company and the Moorhead Laboratories, Inc., whereupon said Telephone Company advised the United States by letter to the Chief Signal Officer of the Army that it would not interfere with the immediate manufacture of said audions for the United States by said General Electric Company and other manufacturers provided it were understood and agreed that it waived none of its claims under any patents or patent rights owned by it and that all claims under patent rights and all patent questions be reserved and later investigated, adjusted and settled by the United States, which plan was accepted by the United States and orders for said audions were by the United States placed with said General Electric Company and said Moorhead Laboratories, Inc., and said audions were by said companies manufactured and delivered to the United States.

It is not question that the American Telephone & Telegraph Company was fully authorized to grant a license to manufacture and use the audions and that if it did in fact license the United States to have said audions manufactured the plaintiff has no case.

The primary question therefore is whether, under the averments of the petition, there was a licensing.

In standard textbooks, Walker on Patents, and others, from which we deem it unnecessary to quote in detail, established principles as to licenses, uncontroverted as we understand it, are to be found.

Among them, no particular form of license is necessary; a license may be written or it may be oral; it may be express or it may be implied; it may be implied from the conduct of the parties, etc.

It was in writing in this case, as it is averred, not in the form of a contract signed by both parties, but in the form of a letter the terms of which were accepted. It does not appear from the averments that there was any attempt to use express words of license, but, responding to a statement that the United States desired, in the emergency of war, to have the audions manufactured in large quantities, the information from the party having the right to grant a license was that it would not do anything to interfere. The conditions following do not weigh in determining the question since they were accepted by the United States.

The reason for the use of the particular language indicating no disposition to interfere may be found in the fact, a matter of common knowledge, that in a number of instances when the United States was contracting for the manufacture of patented articles, the manufacturers with whom the United States was contracting were enjoined by patentees or owners of patents.

Therefore, being informed by the United States of the desire to procure the manufacture of the audions by the companies named, the licensor (we think the term may properly be used) said, in effect, "Go ahead, we will not interfere." The purpose and the understanding of both parties seem clear and permit of but one construction, the granting to the United States of a license or a permission to proceed with the manufacture of the patented articles.

This conclusion seems thoroughly justified from what has been said, but if there could remain doubt it is removed by the further conduct of the parties. The fourteenth paragraph of the petition avers assistance rendered by the American Telephone & Telegraph [fol. 23] Company to the United States and to representatives of the General Electric Company by way of furnishing information, drawings, and blue prints and exhibiting methods of manufacture, "all to the end that the said audions might be the more promptly manufactured and delivered to the United States for use in the war in which it was then engaged." Assistance so rendered in the use of a patented invention not only, as a legal proposition, renders the use a lawful one as distinguished from an infringement, but considered simply as an aid to construction in determining whether or not there was a license, it closes the door to any other than an affirmative conclusion.

It may be added that the only justifiable inference from the averments of the petition is that the American Telephone & Telegraph Company has never questioned the granting of a license by it for it is averred that subsequent to the manufacture of the audions in question there were negotiations between the United States and that Company resulting in the execution of a release to the United States, waiving and releasing all claims against the United States and the manufacturers acting under its order. Whether gratuitous or for a compensation paid does not appear and is immaterial.

The case would seem so thus determined as to preclude any basis of the contention on the part of the plaintiff, but, asserting that the United States was not a licensee and that the settlement referred to was subsequent to the commencement of this action, it contends that it may sue and recover as for infringement under paragraph VII of the instrument executed by the plaintiff and the Western Electric Company wherein it is provided that either party may institute and conduct suits against others for infringement "within the fields in which it possesses rights," etc.

Plaintiff's asserted rights under this paragraph would require consideration of some questions argued in its brief if it were not for the conclusion already reached on the question of a license, but conclusion that the American Telephone & Telegraph Company, under the averments of the petition, had granted a license to the United States precludes the assertion of a cause of action under said paragraph VII as for an infringement.

The demurrer is sustained.

Graham, Judge; Hay, Judge; Booth, Judge, and Campbell, Chief Justice, concur.

[fol. 24]

VI. ORDER DISMISSING PETITION

In this case the plaintiff having declined to amend it is ordered by the Court this 4th day of May, 1925, that the petition be and it is dismissed.

By the Court.

VII. PETITION FOR APPEAL—Filed May 16, 1925

Now comes the Claimant and makes application to the Court to allow an appeal to the Supreme Court of the United States from the judgment of the Court entered in this cause May 4, 1925.

Respectfully submitted, Samuel E. Darby, Attorney for Claimant.

VIII. ORDER ALLOWING APPEAL

It is ordered by the Court this 18th day of May, 1925, that the plaintiff's application for appeal be and the same is allowed.

[fol. 25]

IN COURT OF CLAIMS

[Title omitted]

CLERK'S CERTIFICATE

I, F. C. Kleinschmidt, Assistant Clerk Court of Claims, certify that the foregoing are true transcripts of the pleadings in the above-entitled cause; of the argument and submission of case on demurrer; of the opinion of the court by Downey, J., sustaining the demurrer; of the order of the court dismissing the plaintiff's petition; of the plaintiff's application for an appeal and of the order of the court allowing said application.

In testimony whereof I have hereunto set my hand and affixed the seal of said Court at Washington City this 3rd day of June, A. D., 1925.

F. C. Kleinschmidt, Assistant Clerk Court of Claims. (Seal of Court of Claims.)

Endorsed on cover: File No. 31,272. Court of Claims. Term No. 549. De Forest Radio Telephone & Telegraph Company, appellant, vs. The United States. Filed June 16, 1925. File No. 31,272.